

AGENDA

KANSAS LOTTERY GAMING FACILITY REVIEW BOARD

10 a.m., Friday, March 21, 2008,
Eisenhower State Office Building, 4th Floor, Topeka, Kansas

A. CALL TO ORDER

B. APPROVAL OF THE AGENDA

C. APPROVAL OF MINUTES

1. January 29, 2008

D. BOARD ITEMS

1. Discussion, consideration and possible action on retaining Probe Consulting Services, as Review Board consultant performing ancillary and non-gaming development analysis.

Staff Presentation: Stephen Martino, Executive Director
Attached: Staff memorandum and Probe proposal

2. Discussion, consideration and possible action on retaining John Mills, Ph.D., MBA, CPA, professor of accounting, University of Nevada-Reno, as Review Board consultant performing financial suitability and stability reviews.

Staff Presentation: Stephen Martino, Executive Director
Attached: Staff memorandum and Mills proposal, resume

3. Discussion and consideration of a Review Board meeting schedule

Staff Presentation: Stephen Martino, Executive Director
Attached: Staff memorandum and proposed schedule

4. Discussion of a Review Board evaluation matrix

Staff Presentation: Jay Hall, Review Board Liaison
Consultant presentation: William Eadington, Ph.D.,
Attached: Staff memorandum and proposed matrix

E. PUBLIC COMMENTS

F. STAFF REPORTS

1. Executive Director
2. Chief Gaming Officer
3. Assistant Attorney General
4. Director of Administration

G. OTHER MOTIONS

H. ADJOURNMENT

KANSAS LOTTERY GAMING FACILITY REVIEW BOARD
KANSAS RACING AND GAMING COMMISSION

MINUTES

DRAFT

January 29, 2008 – Via Teleconference

CALL TO ORDER:
(A.)

Kansas Lottery Gaming Facility Review Board Chair Matt All called the January 29, 2008, teleconference meeting to order at 4:06 pm. Review Board members All, Bergfalk, Boaldin, Boston, Brier, Ferrell, and Vietti participated in the meeting via telephone. Those present in person included Executive Director Stephen Martino; Chief Gaming Officer Robert Krehbiel; Assistant Attorneys General Patrick Martin and Teri Canfield-Eye; Director of Communications/Responsible Gaming Mike Deines; Director of Administration Don Cawby; Review Board Liaison Jay Hall; Recording Secretary Linda Pendarvis and other staff

MOTION, APPROVE
AGENDA:
(B.)

Board member Boaldin (Ferrell) moved to approve the agenda as presented. Motion passed unanimously

INTRODUCTIONS:
(C.)

Mr. Martino introduced Jay Hall, Review Board Liaison.

DISCUSSION,
RETAINING
WILLIAM
EADINGTON, PH.D.:
(D 1.)

Mr. Martino outlined the qualifications of William Eadington, Ph.D., University of Nevada-Reno, for consideration and possible retention as Review Board consultant.

MOTION, APPROVE
RETENTION OF
WILLIAM
EADINGTON, PH.D.:
(D 1.)

Dr. Vietti (Bergfalk) moved that subject to state regulations the Lottery Gaming Facility Review Board retain William Eadington, Ph.D., as Review Board consultant.

DISCUSSION,
AUTHORIZING
EDUCATIONAL
TOURS OF GAMING
FACILITIES:
(D 2.)

Mr. Hall presented possible options for organizing one or more tours of gaming facilities in Clark County, Nevada, for purposes of educating the Review Board on issues pertaining to gaming.

DRAFT

MOTION, APPROVE
EDUCATIONAL
TOURS OF GAMING
FACILITIES:
(D.2.)

Review Board member Ferrell (Boaldin) moved that subject to state regulations the Lottery Gaming Facility Review Board retain Walt Hawkins of Hawkins Consulting Services LLC as a Review Board consultant to provide one or more educational tours of gaming facilities in Clark County, Nevada, subject to contracting in accordance with state regulations and review of compliance with the Kansas Open Meetings Act.

PUBLIC COMMENTS:
(E.)

Chairman All called for public comments. There were none.

STAFF REPORT,
MARTINO:
(F.1.)

The Review Board heard a report from Mr. Martino

STAFF REPORT,
KREHBIEL:
(F.2.)

The Review Board heard a report from Mr. Krehbiel.

STAFF REPORT,
MARTIN:
(F.3.)

Mr. Martin had no report.

STAFF REPORT,
CAWBY:
(F.5.)

Mr. Cawby had no report.

CALL FOR OTHER
MOTIONS/ISSUES:
(G.)

No other motions/issues were presented.

ADJOURN:

Board member Ferrell (Boaldin) moved to adjourn at 4:49 pm.
Motion passed unanimously.

SUBMITTED BY:

Matt All
Chair

Kansas Lottery Gaming Facility Review Board

STAFF AGENDA MEMORANDUM

DATE OF MEETING: March 21, 2008

AGENDA ITEM: Discussion, consideration and possible action on retaining Probe Strategic Solutions as a Review Board consultant.

PRESENTER: Stephen Martino, Executive Director

ISSUE SUMMARY: During the Dec. 20, 2007, meeting, the Lottery Gaming Facility Review Board commissioned KRGC staff to identify experts to consult the board in various matters in order to make an informed decision consistent with its charge under the Expanded Lottery Act.

At the January 28 Review Board meeting, staff received approval to contract, subject to state law and regulation, with William Eadington, Ph.D., to be a board consultant. Staff indicated a desire to use Professor Eadington's knowledge and expertise in gaming consulting to educate and improve the identification of other members of the consulting team.

Probe Strategic Solutions and sub-contractor Civic Economics is proposed again to consult the Review Board on the ancillary and non-gaming aspects of the destination casino proposals. At its Feb. 20 meeting, the board asked that this item be reviewed again due to dissatisfaction with the original Probe proposal. Both staff and Professor Eadington made inquiries about other consulting resources for this analysis. That investigation into other consulting options did not develop a fruitful lead. In at least two cases, potential consultants claimed conflicts of interest with prospective Kansas casino managers; one consultant did not have time to give to the project, and inquiries in the Kansas City area only produced one solid name, that of a consultant previously rejected as not appropriate for the role.

An enhanced description of the consulting task, enclosed, was prepared and given to Probe Strategic Solutions for its consideration. Professor Eadington conducted a conference call with the principals of that firm to discuss the board's needs and requirements, based upon the expanded description and the conversation at the Feb. 20 meeting. Based on that information, Probe elected to submit a new consulting proposal. Professor Eadington and staff are comfortable with the experience of the Probe consulting team and contents of the proposal and forward it for board consideration.

BOARD ACTION REQUIRED/REQUESTED: Authorize the executive director to contract with, subject to state law and regulations, Probe Strategic Solutions as a Review Board consultant.



Probe Strategic Solutions
Consulting Services
Review of Management Proposals
Non-Gaming Portion
March 12, 2008

Submitted to
Stephen Martino
Executive Director
Kansas Racing and Gaming Commission
700 SW Harrison, Suite 420
Topeka, KS 66603

Review of Proposals:

Ancillary and Non-Gaming Development Analysis

The Kansas Racing and Gaming Commission is preparing to choose consultants to assist the Review Board in selecting the casino manager in each of the in the four gaming zones. Probe Strategic Solutions submits itself for consideration for the consulting need number five (5) as outlined by the Kansas Lottery gaming Facility Review Board: *Ancillary and non-gaming development analysis*. To conduct this review, Probe Strategic Solutions will work with its partner and sub-contractor Civic Economics.

Probe will approach this project in three phases:

- ❖ Phase 1: Market and Proposal Assessment
 - Market Assessment: A quantitative assessment of the customer base in each of the four markets.
 - Product Assessment: A thorough assessment of the possible amenities for the market.
 - Proposal Assessment:
 - Overall evaluation of the proposed ancillary products
 - Evaluation of the proposed ancillary products financials
- ❖ Phase 2: Cannibalization
 - Gap analysis for each of the markets
- ❖ Phase 3: Review of Impact Statements
 - Review proposed impacts of ancillary developments
 - Review of social impacts

Market and Proposal Assessment

As noted previously, Probe Strategic Solutions partners have worked in destination and local gaming markets across the country. Utilizing their knowledge developed within the industry, coupled with publicly available comparative sources, Probe will provide expert review of the Ancillary and Non-Gaming Development portion of the Managers Applications.

Market Assessment

In an attempt to minimize redundancies and eliminate duplicative efforts, Probe will work with other consultants and utilize their findings as they pertain to this assessment. Probe will begin the evaluation by conducting a thorough evaluation of the four proposed markets. This assessment will include a variety of standard market assessment metrics including, but not limited to:

- ❖ Demographic description of the area
- ❖ Market segmentation via lifecycle and other psychographic marketing segmentation schemas such as Claritas
- ❖ Buying power index of the estimated markets
- ❖ Comparison of the four proposed markets to current existing gaming markets
- ❖ Analysis of current entertainment spending within the markets
- ❖ Incorporation of existing gaming market reports including estimates of the current penetration of gaming in the proposed markets.

Deliverable: For each of the four gaming zones, Probe Strategic Solutions will submit a market assessment and an assessment of the potential customer market segments.

Product Assessment

Following an assessment of the market, Probe will assess the possible ancillary products that would be most appropriate for each of the four markets. This assessment will be based upon the experiences of Probe's partners in gaming markets throughout the U.S., as well as a current evaluation of the performance of products in similar markets where data is available.

Deliverable: For each of the four gaming zones, Probe Strategic Solutions will submit a product potential assessment. This assessment will include:

- Description of potential ancillary products deemed to be appropriate to the market and an analysis of their potential to attract the target market
- Description of the existing competing products currently available in the market, and an assessment of the competitive environment in which the proposed properties will operate

- Audit of comparable products in gaming facilities in comparable markets across the United States, including available revenue contribution data from both published and Probe industry sources.

Proposal Assessment:

Utilizing the framework developed in the first part of the project, Probe will evaluate each of the proposals. The Market Assessment will serve as a benchmark to evaluate the ability of each proposal to meet the potential needs of its proposed market. The Product Assessment research will also benchmark the proposed ancillary products in terms of their appropriateness to the market and how they compare to products in similar markets. This analysis will be conducted for each proposal and encompass two major evaluations: Component Analysis and Proposal Analysis. For each of the proposals submitted, Probe will submit an analysis detailing each of the following:

❖ Component analysis

- Each ancillary component will be evaluated
 - as to its appropriateness for the market as defined in the Market Assessment
 - its ability to attract the target market as defined by the proposal
 - its ability to attract the target market as defined by Probe's analysis of the market,
 - its ability to compete with existing products in the market
 - and a comparison to current products in existing markets.
- As industry data is available for the individual components, and as identified in each proposal, an evaluation of the proposed financials including an assessment of the estimated financials (P&L, capital costs, etc) will be conducted.

❖ Proposal Analysis

- Probe will evaluate the entire proposal for its ability to attract local and regional visitation as estimated within the proposal and in relation to estimates from the evaluations performed in Task 1 and Task 4.
- Assess the ability to market the proposed products successfully, both individually and within the context of the master brand position proposed by the prospective management companies.
- Probe will conduct a cross - proposal analysis of proposed product and their associated financials to evaluate both internal and external consistency across proposals.

Cannibalization

With large-scale development in any market, existing businesses in that market must carefully consider and adapt to competitive pressures that result. In a healthy and fair marketplace, this competition can be widely beneficial with differing impacts across industries. Working closely with Probe and other consultants to the Commission, Civic Economics will analyze the impact of proposed nongaming amenities on the existing economic ecosystem in the surrounding region.

Impacted Market Areas

The analysis will begin by outlining impacted market areas for each of the four gaming regions. In the typical case, these market areas will be determined by the drawing area of proposed gaming facilities for day-trip visitors from within the state of Kansas. Where these market areas include a substantial metropolitan market such as Wichita or Kansas City, analyses will be further broken down to review the impacts on smaller communities nearby.

Essential Nongaming Amenities

All management applicants are expected to propose an essential package of nongaming amenities to include lodging as well as a variety of dining and drinking spaces. For each of the four market areas, Civic Economics will prepare a gap analysis (often called a leakage study) of lodging, dining, and drinking establishments in the market area. These analyses will call upon industry standard data provided by Claritas and/or ESRI-BIS. Such an analysis involves estimating the existing local demand for any given line of goods or services and comparing that demand to supply, or actual sales of that line. Where demand exceeds supply, the market is presumed able to absorb additional sales of that line without substantially altering the competitive mix.

Deliverable: For each of the four gaming market areas, Civic Economics will prepare a gap analysis for the following NAICS (North American Industry Classification System) classifications:

LODGING/DINING/DRINKING CLASSIFICATIONS	
72	Accommodation and Food Services
721	Accommodation
7211	Traveler Accommodation
72111	Hotels (except Casino Hotels) and Motels
72119	Other Traveler Accommodation
721191	Bed-and-Breakfast Inns
721199	All Other Traveler Accommodation
7212	RV (Recreational Vehicle) Parks and Recreational Camps
72121	RV (Recreational Vehicle) Parks and Recreational Camps
721211	RV (Recreational Vehicle) Parks and Campgrounds
721214	Recreational and Vacation Camps (except Campgrounds)
7213	Rooming and Boarding Houses
72131	Rooming and Boarding Houses
721310	Rooming and Boarding Houses
722	Food Services and Drinking Places
7221	Full-Service Restaurants
72211	Full-Service Restaurants
722110	Full-Service Restaurants
7222	Limited-Service Eating Places
72221	Limited-Service Eating Places
722211	Limited-Service Restaurants
722212	Cafeterias, Grill Buffets, and Buffets
722213	Snack and Nonalcoholic Beverage Bars
7224	Drinking Places (Alcoholic Beverages)
72241	Drinking Places (Alcoholic Beverages)
722410	Drinking Places (Alcoholic Beverages)

Additional Nongaming Amenities

In addition to those essentials, applicants will likely propose a range of additional amenities. These may include meeting and convention spaces; shopping centers; golf, bowling, or other recreational facilities; attractions such as theme parks, water parks, and museums; or any of a host of other amenities.

Deliverable: After a review of gaming applications, Civic Economics will prepare a gap analysis for each NAICS classification (to the 6-digit level) impacted by the proposed amenities. We anticipate most additional amenities will fall under the following classifications:

ADDITIONAL LIKELY AMENITY CLASSIFICATIONS	
71	Arts, Entertainment, and Recreation
711	Performing Arts, Spectator Sports, and Related Industries
7111	Performing Arts Companies
71111	Theater Companies and Dinner Theaters
711110	Theater Companies and Dinner Theaters
7112	Spectator Sports
71121	Spectator Sports
711219	Other Spectator Sports
712	Museums, Historical Sites, and Similar Institutions
7121	Museums, Historical Sites, and Similar Institutions
71211	Museums
712110	Museums
713	Amusement Parks and Arcades
71311	Amusement and Theme Parks
713110	Amusement and Theme Parks
71312	Amusement Arcades
713120	Amusement Arcades
7139	Other Amusement and Recreation Industries
71391	Golf Courses and Country Clubs
713910	Golf Courses and Country Clubs
71392	Skiing Facilities
713920	Skiing Facilities
71393	Marinas
713930	Marinas
71394	Fitness and Recreational Sports Centers
713940	Fitness and Recreational Sports Centers
71395	Bowling Centers
713950	Bowling Centers
71399	All Other Amusement and Recreation Industries
713990	All Other Amusement and Recreation Industries

Regional Competitive Impacts

The analyses above will provide the state with a detailed understanding of the regional market for each of the nongaming amenities proposed. However, in order to meaningfully apply that data, two additional matters must be considered:

1. The proportion of gaming facility visitors that will be drawn from the impacted market area.
2. The estimated revenue to be generated by each proposed nongaming amenity.

Together, these inputs will allow an estimate of the spending by area residents that might otherwise have taken place in existing local establishments in each classification.

Deliverable: Civic Economics will update all gap analyses above to include locally-generated revenues for each affected classification. Final charts will provide the state with a clear and accessible forecast of the degree to which proposed nongaming amenities will influence the local market for competitive goods and services.

Review of Impact Statement

Civic Economics will review the economic impact statement provided with each Manager Application to identify and isolate, to the extent possible, the inputs and outputs associated with ancillary and non-gaming development.

Impact Analysis

Civic Economics will analyze the connection between economic inputs (items such as construction costs, revenues, units sold, etc.) and the associated outputs (items such as direct, indirect, and induced economic activity, employment, and wages). On the first review, Civic Economics will take at face value the projected inputs provided in the application, evaluating only the reasonableness of the projected economic impacts

Deliverable: For each application, Civic Economics will provide a brief written assessment of the impact statement provided, with a more detailed discussion of impact projections that cannot be easily rectified with the inputs presented.

Adjusted Impact Analysis

Upon completion of the first analysis, Probe will provide Civic Economics with any adjusted inputs in keeping with Probe's professional expectations of actual revenue associated with the various non-gaming developments proposed. Civic Economics will then evaluate the likely economic impacts of those activities by utilizing an industry-standard economic impact model such as IMPlan or REMI.

Deliverable: For each application, Civic Economics will provide a brief written discussion of the variation between the proponent's impact statements and the findings of this analysis.

Review of Social Impacts

Civic Economics will further review the projected social impact of the project, again with specific emphasis on the impact of ancillary and non-gaming developments. Where necessary, Civic Economics will consult with local officials to clarify expected service costs.

Deliverable: For each application, Civic Economics will provide a brief written evaluation of the proponent's estimated social impacts.

Assigned Staff:

The team from Probe is a collection of talented and experienced veterans, which has been putting their combined years of experience to work for a variety of gaming and resort clients around the country.

John Marz: *Principal – Chief Strategist.* Mr. Marz applies his years of marketing strategy experience to each project undertaken by Probe. In this role, he steers the direction of the projects, and develops concrete steps to create gaming and destination products that meet customer needs and expectations.

Mr. Marz has over 30 years of senior executive and corporate level experience in marketing and advertising. John was Senior Vice President of Marketing and Events for Mandalay Resort Group, overseeing all marketing for a \$4.6 billion, 13-property destination entertainment company. He was over all branches of marketing, which included market communications, market research, database marketing and internet marketing. Mr. Marz was previously owner and president of DRGM Advertising & Public Relations in Las Vegas and Reno, where he built the second-largest ad agency in Nevada. He worked with gaming companies to strategize branding launches for MGM Grand and IGT's Megabucks. John has served as Commissioner of the Nevada Commission on Tourism where he oversaw the marketing committee.

Walt Hawkins: *Principal - COO.* Mr. Hawkins works behind the scenes managing projects for Probe. He will serve as the project manager on this engagement, managing workflow and the timely execution of projects. He will act as the main contact for this project and work with you as your partner.

Walt Hawkins recently retired from IGT, the world's largest gaming machine and video lottery terminal provider. In his 25 years there, he was amongst other things, responsible for the roll-out and operations of the first wide area progressive program, then called Megabucks, now referred to as MegaJackpots. More recently, he was responsible for the identification and development of new market and business opportunities for the company. A primary focus was video lotteries and assisting pari-mutuel locations in the development of alternative forms of wagering entertainment. Additionally, Walt helped develop and manage IGT's racing and gaming sales and operational efforts, as well as other related video lottery operations throughout North America in the Public Gaming division. Walt has a business degree from the University of Nevada, Reno.

Chris Brogan: *Principal – Chief Research Officer.* Mr. Brogan designs and executes all research projects for Probe. He will oversee all aspects of the research projects, from methodology to data collection, and analysis to report writing.

Mr. Brogan has over 14 years experience in marketing research providing decision makers with the details and insight to take decisive marketing direction. Chris was Vice President of Strategy and Research for Fontainebleau Resorts (Las Vegas and Miami) and previously Vice President of Marketing Research of Mandalay Bay Resort Group. While working for Mandalay and Fontainebleau Resorts Mr. Brogan conducted numerous geographic market evaluations for gaming and resort projects. Most recently, he evaluated the greater Carson Valley market for gaming and other ancillary service products for the Washoe Tribe of Nevada and California.

Mr. Brogan holds an M B A. from the Kellogg Graduate School of Management at Northwestern University and has dual degrees in Mathematical Methods in Social Science and Political Science, also from Northwestern University.

Availability:

Probe, its Partners, and sub-contractors have no scheduled conflicts with availability from May 2008 to September 2008

Disclosure of Conflicts of Interest.

1. *Are you working for or have you done work on a Kansas casino proposal?*
Probe Strategic Solutions, its Partners, its partner companies and subcontractor Civic Economics have not completed any work on any Kansas casino Proposal
2. *Have you done any work on behalf of the parent companies of prospective Kansas casino managers in the past two years?*
Probe Strategic Solutions, its Partners, its partner companies and subcontractor Civic Economics have not worked on behalf of the parent companies of prospective Kansas casino managers in the past two years
3. *Have you ever done any work on behalf of the parent companies of prospective Kansas casino managers?*
Probe Strategic Solutions, its Partners, its partner companies and subcontractor Civic Economics have never worked on behalf of the parent companies of prospective Kansas casino managers in the past two years with the following exception. Probe Strategic Solution's Managing Partner, John Marz, was the owner of the advertising agency of record for MGM Grand Casino in Las Vegas from 1993-1998.



Costs

Given the expanded scope of the project and the new research and evaluation requirements, Probe has adjusted the costs necessary to deliver the quality, expert based evaluations desired by the Kansas Lottery

The costs for each of the three phases are as follows:

Ancillary Product Evaluation: \$70,000

Cannibalization: \$20,000

Review of Impact Statements: \$16,000

For meetings requiring the presence of Probe Partners and Civic Economics Partners, a daily rate of \$1,200 will be charged. Travel expenses will be billed to the Kansas Lottery as incurred utilizing a mutually agreed upon travel reimbursement schedule.

Payment schedule to be negotiated upon award of contract.

ELABORATION OF NEEDS FOR TASK 5 FOR THE KANSAS LOTTERY GAMING FACILITY REVIEW BOARD

Task 5. Ancillary and non-gaming development analysis

Evaluation of hospitality, amenities and ancillary development proposed by casino proposals, including but not limited to a review of the economic impact of non-gaming developments and proposals including restaurants, hotels, entertainment venues, spas, golf courses, convention and meeting space, and retail, commercial and residential development.

Concerns raised by the Review Board suggest a need for expertise that can answer the following kinds of questions:

1. Evaluation of all non-gaming assets (i.e. the hotel, restaurant, retail shopping, entertainment, spas, golf courses, convention, and other ancillary developments) made by the various candidate organizations in their proposals with respect to:
 - a. Their internal consistency and compatibility with the target markets they claim they will be attracting, and the marketing strategies they will be putting forward;
 - b. Whether similar or identical assets and amenities can be found in other casino complexes in the United States and, if so, how well they work as stand-alone enterprises and how well they contribute to the over-all success of the entire operation; and
 - c. If such non-gaming assets improve or diminish the over-all likelihood of success of the entire proposal as an operating enterprise.
2. An independent assessment of the approximate capital and operating costs, and revenue generating capabilities, of the various assets, in the form of *pro forma* balance sheets and income statements, and a comparison to the projected performance of these assets made by the bidders within the proposals;
 - a. This may also need to provide an assessment of the current availability of comparable assets in the region where the project is proposed, and the ability of the market to absorb increased supply of these assets;
 - b. A competitive analysis of the proposed non-gaming assets with respect to existing assets will also be useful.
3. The issue of "cannibalization" of existing businesses was also brought up as an issue. This expert should work with the economic impact experts (assigned to Tasks 1 and 4) to assess the likely substitution by consumers of the casino project non-gaming facilities with existing businesses in the region.

Kansas Lottery Gaming Facility Review Board

STAFF AGENDA MEMORANDUM

DATE OF MEETING: March 21, 2008

AGENDA ITEM: Discussion, consideration and possible action on retaining John Mills, Ph.D., CPA, MBA, professor at the University of Nevada-Reno, as a Review Board consultant.

PRESENTER: Stephen Martino, Executive Director

ISSUE SUMMARY: During the Dec. 20, 2007, meeting, the Lottery Gaming Facility Review Board commissioned KRGC staff to identify experts to consult the board in various matters in order to make an informed decision consistent with its charge under the Expanded Lottery Act.

At the January 28 Review Board meeting, staff received approval to contract, subject to state law and regulation, with William Eadington, Ph.D., to be a board consultant. Staff indicated a desire to use Professor Eadington's knowledge and expertise in gaming consulting to educate and improve the identification of other members of the consulting team.

John Mills is a professor of accounting at the University of Nevada, Reno. In addition to his Ph.D., Mills has a masters in business administration and is a certified public accountant. He has more than 30 years of accounting and business experience both as an auditor in a large accounting firm and consulting work for governmental entities, including the California Gaming Control Board and the Ontario Casino Commission. He has written extensively about auditing, solvency and liquidity issues related to casino companies.

Mills is proposed to perform financial stability examinations of prospective casino managers for the Review Board.

Prof. Mills would report these findings to the Review Board and provide any reports and other information to the Board as necessary regarding the financial stability of each applicant.

BOARD ACTION REQUIRED/REQUESTED: Authorize the executive director to contract with, subject to state law and regulations, Prof. John Mills, Ph.D., CPA, MBA, as a Review Board consultant.

To: Stephen Martino
Executive Director
Kansas Racing and Gaming Commission

From: John R. Mills, Ph.D , MBA, CPA
Gaming Consultant
2433 Granite Springs Road
Reno, Nevada, 89519

Topic: Consulting needs for Kansas Lottery Gaming Facility Review Board
Specific required evaluation of Section 3, financial suitability and stability.

I propose to provide an evaluation process for gaming operators that have submitted proposals to operate gaming properties in the State of Kansas. The consulting teams have been broken up into six segments as defined by the Consulting needs for Kansas Lottery Gaming Facility Review Board memo dated January 8, 2008. I have been asked to address the evaluation process associated with section 3, entitled Financial Suitability and Stability Reviews. This involves the background research and financial evaluation of the companies or consortiums responsible for each of the submitted bids for casino management contracts in Kansas.

Overview:

Financial suitability and stability are essential criteria that should carry substantial weight in the decision process. The operator of a new project should 1) be capable of funding the project through the initial start up phases, 2) have the financial capability to get the project up and running, and 3) have the experience to operate and maintain the property once it opens its doors. To effectively evaluate these financial requirements, analysis must be provided which addresses specific financial information. Relevant financial information includes: 1) company annual reports and/or 10-K reports, 2) sources and methods for project funding, and 3) financial projections for the proposed gaming operation.

The Kansas RFP has requested that the following financial and other relevant information be provided.

Financial Data Required	
1. ANNUAL REPORT AND 10-K	3 years
2. TAX RETURNS	5 years
3. IF NEW CORPORATION, PRO-FORMA BALANCE SHEET	
4. SOURCES FOR FUNDING PROJECT	
5. YEARLY FINANCIAL PROJECTIONS	
6. OTHER SITE DEVELOPMENT FUNDS	
7. COSTS OF OTHER OR PROPOSED PROJECTS	
8. CURRENT FINANCIALS FOR EACH GAMING PROPERTY	
9. ASSUMPTIONS FOR FINANCIAL PROJECTIONS	

The financial stability evaluation process will be addressed in three stages. These stages would look at: 1) the corporate structure of the Kansas bidder and suitability, 2) company suitability, and 3) Management discussion and analysis and footnotes.

1. Corporate structure

The most common response to casino operator proposals is to limit risks associated with the new project by creating a subsidiary corporation or by setting up a joint venture. The initial evaluation procedure looks at the composition of this new entity. The essential factor is the determination of **who will bear the risk if the entity is not successful**. More often than not, this risk is associated with the creditors.

The relevant types of information derived from the proposed entity are: Who controls the new corporation; who runs or manages it; what is the percentage of ownership of each owner; and what are the guarantees made to provide the necessary funds to keep the project going. It is therefore essential to obtain information on the financial structure of any newly incorporated company and what type of backing it is receiving from its parent corporation(s). It is also essential that the bidder clearly articulate the composition of debt and equity in its financing package. The type of funding can drive the timeliness of starting and completing the project. If a project is to be financed in total with internally generated funds, then a bidder's annual reports are crucial in demonstrating its ability to use this type of financing. However, if funding must be generated externally, the timing of such funding could delay the start of the project.

The **new corporation** would have no gaming experience nor would it have any credit history or assets beyond what was given to it by the parent corporation(s). Given a newly created joint venture, annual reports will not exist. Relevant financial information must

be provided by the partners of the joint venture. Evaluation of the new entity must **include information on the financial commitments and guarantees of all parties to the joint venture**. Documentation should be provided which shows that the financial commitments can and will be met.

Comparative data will be extracted from data provided by the partners of the new entity. This data will be **collected from the new corporation balance sheet and the sources for funding the project**.

2) Company suitability

What is financial suitability? Most regulators would use the word, "stability." Right now, there is no consensus among gaming regulators on techniques and analysis for assessing the financial stability of properties. On the other hand, both Nevada and New Jersey have been the leaders in the development of guidelines for assessing financial stability. These states require financial information that allows analysis in three areas, 1) minimum bankroll requirements, 2) financial liquidity, and 3) financial solvency.

The first concern expressed by gaming regulators is whether the gaming property has the capability to meet day-to-day cash requirements for customer payouts. Casinos should have on hand enough cash or cash equivalents to pay off all gaming bets for the day. Gaming jurisdictions typically require properties to maintain a minimum casino bankroll based on a series of assumptions.

Financial liquidity reflects a company's ability to generate enough cash to pay its current and maturing obligations. Financial liquidity evaluates all the segments of the property including the casino, hotel, and other non-gaming operations. The concerns are whether the property is generating enough revenues or has enough assets (cash or cash equivalents) to meet ongoing operating expenses which are essential to the maintenance of continuous and stable casino operations. This includes the ability to pay all local, State and Federal taxes, including the tax on gross gaming revenues when due. A series of liquidity ratios and analysis of trends of these ratios provides the foundation for the evaluation of this element of financial viability.

While current operating activities are important, in order to remain in existence, properties must be able to meet all future obligations. The final part of evaluating financial stability is to look at the long term prospects of casino properties. The concern is whether the property is generating enough cash to not only run current operations but also to meet future commitments such as loans, bond payments, guarantees, and capital improvements. In reality, what is of concern is the long term solvency of the gaming properties. A combination of ratios and trend analysis is used to evaluate this element of financial viability.

The evaluation process **will use annual report financial information to calculate**

appropriate ratios which provide evidence of financial liquidity and solvency for the parent corporation(s). Since each gaming jurisdiction has its own bankroll requirement, this specific requirement will not be used. The analysis will include ratio norms developed from similar sized properties in the Midwest. Hopefully, each firm has provided a five year summary of relevant information so that trends can be developed.

3) Management discussion and analysis; Footnotes

Additional relevant information provided by the annual report is the "Management Discussion and Analysis" (MDA). It provides management's view of changes that have taken place over the last three years. Management identifies significant events and uncertainties which have a material impact on the company's operations, capital resources, and liquidity.

The evaluation process should include close scrutiny of the MDA section, not only to understand changes that have occurred over prior years but also to provide an understanding of where the company is headed. For example, **this section should include a discussion on current projects.** Since many current projects of the parent corporation(s) may still be in the construction stage, they would currently not have an impact on earnings; however such projects would result in substantial future cash outflows, as well as limit future capital resources and liquidity. Analysis would tell whether other projects have been discontinued, have cost overruns, or are completed and running. It will also provide positive or negative information on the future potential funding available.

A major component connected with financial statements is footnotes provided with the annual reports. One of the essential notes to read is the notes that describe contingent liabilities and guarantees. Contingent liabilities would include litigation and other off balance sheet financing. Many of the larger gaming corporations have **significant commitments of capital, up-front payments to third parties, and guarantees of third-party debt** as well as development completion guarantees.

This part of the analysis will concentrate on possible future cash outflows associated with current commitments.

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John Mills is currently a full professor and Director of the Master of Accountancy Program at the University of Nevada, Reno. Dr. Mills obtained his Bachelor and MBA degrees from the University of Nevada, Reno and his PhD from the University of Colorado. He also is certified as a CPA (1987). Mills has been involved with the gaming industry for over 30 years, initially as an auditor for a major CPA firm (Grant Thornton), internal auditor and financial advisor and consultant for a range of corporations and governmental entities.

Dr. Mills is active in the business community and has served on various business organization Boards. These include the Nevada Society of CPAs, the Institute of Management Accountants, and the local, national and international Institute of Internal Auditors. He spent 5 years on the financial advisory board for the City of Reno.

Gaming related consulting jobs include the following:

- Macau, China: (2002-2006) Provided a series of seminars on regulatory controls for the gaming industry.
- California Gaming Control Board: Advisor (2002-2007) Initially provided training for the new CGCB auditors. Served as an advisor for the initial audits of Indian casinos. Provided advice on revenue and expense terminology for the *Indian Gaming Special Distribution Fund Reporting and Net Win Accounting Guidelines*, CGCC Publication 1, February 16, 2005, State of California
- Harrah's: Range of various internal audit and compliance testing projects (1995-2001)
- State of California, Corporate division: Internal audit and cash flow consulting (1998-1999)
- Horizon: Control and compliance testing and seminars on Money laundering (1997)
- Ontario Casino Commission : Financial Advisor for Rama Nation Casino (1995)
- Ontario Casino Commission : Financial Advisor for Winsor Casino (1993)
- GEDI: Consultant on Impact Study of Gaming in Huston, Texas (1994)
- New Orleans Picayune: Financial analysis consultant on New Orleans Casino Bids (1992-1993)
- Ken Keniven, CPA: Audit Consultant (1987-1990)
- Ernst & Young: Audit staff (1987)
- Grant Thornton: Audit Staff (1984-1985, 1970-1971)

Dr. Mills has published extensively in both professional and academic journals. Recent publications include the following:

John R. Mills, An Introduction to Financial Viability, *Casino Enterprise Management*, October, 2007.

John R. Mills, Evaluating Casino Bankrolls, *Casino Enterprise Management*, November, 2007.

John R. Mills, Evaluating Financial Liquidity, *Casino Enterprise Management*, December, 2007.

John R. Mills, Evaluating Financial Solvency, *Casino Enterprise Management*, January, 2008.

John R. Mills, *Auditing Player Reward Programs* Internal Auditor, April 2007, page 62-68

Mills, John R. and Carlos Siu, 2007, "Creating Compliance Programs for Casino "Anti-Money Laundering" Regulations," *Journal of Macao Polytechnic Institute*, August

Charles Carslaw, Richard Mason, and John R. Mills, *Audit Timeliness of School District Audits*, Journal of Public Budgeting, Accounting, and Financial Management, Fall 2007

Mills, J., & R. Mason, 2006, "The Dynamics of Casino Slot Revenue Tax Base Calculations," *The Journal of Taxation and Regulation of Financial Institutions*, November/December, vol. 20/No. 2.

Mills, J, R. Mason, & C. Carslaw, 2005, "The Spanish Springs Casino Slot Revenue Recognition Case," *Global Perspectives on Accounting Education*, Volume 2.

Mills, J, R. Mason, 2004, "Points to Consider on Tip-Reporting Agreements," *CPA Journal*, July.

Presentations at international conferences

1. Mills, J, 2007. Currency Transaction Reporting: Nevada's Transition from Regulation 6A to Title 31, *International Internal Auditors Gaming Conference*, Las Vegas, April 9.
2. Mills, J, 2006. Defining Financial Viability for Casinos, *Macao Polytechnic Institute*, November 14.
3. Mills, J, 2006. Developing Training Programs for Anti-Money Laundering Regulations, *International Conference on Money Laundering*, Xiamen, China, December 5.

4. Mills, J, 2006, Audit Risks of Player Reward Programs, *The International Gaming Conference*, Las Vegas, Nevada, April 5-7.

**Estimate of the amount of time to complete task 3,
Financial Suitability and Stability**

I am assuming that all financial statements, forecasts and corporate structure information are in an electronic version.

The estimation of time will be dependent on the initial input of data into a format that can be analyzed on a timely matter.

Much of the data will need to be input into an excel spreadsheet by an accounting clerk. I could cut off possibly half the time for the ratios if I had an expert excel individual that I could provide instructions to and who could link the various company data for comparative purposes. We would need to discuss this in more detail.

I am assuming that there are 10 companies that are being evaluated though I suspect that there would be several joint venture arrangements which would necessitate additional analysis of these companies.

Organizing data into proper format for analysis	10 hours
Analysis of corporate structure	10 hours
Financial liquidity ratios and trend analysis	20 hours
Financial solvency analysis	20 hours
Analysis of other relevant gaming jurisdictions for Industry norm ratios	10 hours
Read management discussion and analysis and Footnotes for contingencies and new projects	30 hours

My billing rate will be at \$275 per hour. Any travel will be billed at a daily rate. All expenses are also billed separately.

From: John R Mills [<mailto:jmills@unr.edu>]
Sent: Sunday, March 16, 2008 8:03 PM
To: Stephen Martino
Subject: RE: Interest as financial suitability consultant

To: Stephen Martino

From: John Mills

Topic: Conflict of interest

I confirm that I have not worked with any of the companies that have filed proposals in Kansas for the last two years.

John R. Mills, Professor of Accounting, Ph.D., MBA, CPA University of Nevada, Reno

Best regards,

John

Kansas Lottery Gaming Facility Review Board

STAFF AGENDA MEMORANDUM

DATE OF MEETING: March 21, 2008

AGENDA ITEM: Discussion, consideration and possible action on adopting a schedule for Review Board meetings

PRESENTER: Stephen Martino, Executive Director

ISSUE SUMMARY: At its Feb. 20 meeting, the Lottery Gaming Facility Review Board requested KRGC staff to construct a proposed schedule for future meetings. With feedback received from members about their availability throughout the spring and summer, a proposed schedule has been built with a goal of having every board member at each meeting – in the gaming zones and in Topeka.

An effort was made to schedule work from two gaming zones at a time to develop comparable work loads for the board, staff and consultants. Consideration of proposals from each gaming zone is broken into a four-meeting effort: one in the gaming zone itself, two in Topeka and one by conference call. It is organized accordingly:

Meeting 1: In-zone

- Management proposal presentations
- Management experts' presentations
- Kansas Lottery Commission comments
- Public comments

Meeting 2: Topeka

- Review Board experts' presentation

Meeting 3: Conference call

- Follow-up questions to managers, managers' experts, board experts, staff

Meeting 4: Topeka

- Follow-up reports, if any, from managers and their experts, board experts, staff
- Background and security fitness reports
- Vote

This schedule was built making two assumptions: that the Lottery will not deliver contracts from any gaming zone until their extended deadlines to do so and that the Review Board will seek its statutorily allowed 60-day extensions for each zone. At this time, it is difficult to predict with precision how much time Review Board consultants will need to complete their work, but for planning purposes it is best to assume that all time allowed under the statute will be needed.

It is hoped that Review Board members will discuss any conflicts or concerns with this proposed schedule at the March 21 meeting.

BOARD ACTION REQUIRED/REQUESTED: Amend, if necessary, and adopt the proposed Review Board meeting schedule.

Proposed Review Board meeting schedule:

Topeka meeting to discuss consultant reports for gaming zone market potential studies:
May 16

Southeast gaming zone (Cherokee County):

Meeting 1: **June 30**

Meeting 2: **July 10 and 11**

Meeting 3: **July 29**

Meeting 4: **August 21 and 22**

South Central gaming zone (Sumner County):

Meeting 1: **July 1 and 2**

Meeting 2: **July 10 and 11**

Meeting 3: **July 29**

Meeting 4: **August 21 and 22**

Southwest gaming zone (Ford County):

Meeting 1: **July 23**

Meeting 2: **August 14 and 15**

Meeting 3: **August 21 and 22 (in-person in Topeka)**

Meeting 4: **September 4 and 5**

Northeast gaming zone (Wyandotte County):

Meeting 1: **July 30 and 31**

Meeting 2: **August 14 and 15**

Meeting 3: **August 21 and 22**

Meeting 4: **September 4 and 5**

Meeting 1: In-zone

Management proposal presentations

Management experts' presentations

Kansas Lottery Commission comments

Public comments

Meeting 2: Topeka

Review Board experts' presentation

Meeting 3: Conference call

Follow-up questions to managers, managers' experts, board experts, staff

Meeting 4: Topeka

Follow-up reports, if any, from managers and their experts, board experts, staff

Background and security fitness reports

Vote

Kansas Lottery Gaming Facility Review Board

STAFF AGENDA MEMORANDUM

DATE OF MEETING: March 21, 2008

AGENDA ITEM: Discussion, evaluation and possible adoption of a Review Board evaluation matrix.

PRESENTER: Jay Hall, Review Board Liaison

ISSUE SUMMARY: During the Feb. 20, 2008, meeting the Review Board requested that an evaluation matrix be developed that could be used by the Review Board and its consultants in evaluating casino manager applications in all gaming zones.

The matrix, upon approval, would be forwarded to the prospective managers for them to input the required information into the form to provide an "apples-to-apples" comparison model. The matrix will provide quantitative information for the proposed facilities

BOARD ACTION REQUIRED/REQUESTED: Authorize the executive director to contact casino manager applicants to fill out an approved Lottery Gaming Facility Review Board evaluation matrix.

Instructions to Proposers

- 1 Proposers are required, at the minimum, to submit information requested in the accompanying Worksheets, in the format provided. The Pro Forma worksheet follows the general format of the Nevada Gaming Abstracts and NGC-17 Filings for the State of Nevada.
- 2 Proposers are allowed to supplement the mandatory submissions with additional information and references to their original submissions to the Lottery Commission.
- 3 Proposals shall provide projected information for 5 complete calendar years following opening, starting from the projected calendar date of opening.
- 4 All data and information provided shall be supported with material assumptions upon which the projections are based, as well as any documentary evidence, publications or studies that could support the assumptions.
- 5 When consolidated and totalled, the respective values in the various Worksheets should be internally consistent.
- 6 Instructions and notes which are specific to the worksheets are contained within the relevant worksheets themselves.

Glossary of Terms	
Terms	Definition
Resident Gaming Visitors	This refers to residents within a 100-mile radius of the Lottery Gaming Facility (LGF) who visit the LGF and gamble. This represents the proposer's view of the total number of resident gambling visitors will have over the period under consideration
Resident Non-Gaming Visitors	This refers to residents within a 100-mile radius of the site who visit the LGF and do not gamble. This represents the proposer's view of the total number of resident non-gambling visitors will have over the period under consideration
Tourist Gaming Visitors	This refers to visitors who reside outside a 100-mile radius of the LGF who visit the LGF and gamble. This represents the proposer's view of the total number of tourist gambling visitors over the period under consideration
Tourist Non-Gaming Visitors	This refers to visitors who reside outside a 100-mile radius of the LGF who visit the LGF and do not gamble. This represents the proposer's view of the total number of tourist non-gambling visitors over the period under consideration
Visit per Resident Ratio	The number of times a resident visits the LGF on a per year basis
Additional length of stay	The additional number of days that a tourist visitor stays in the region (within a 100-mile radius) because of the LGF
Market Penetration Rate	Percentage of total adult resident population that is likely to visit the LGF (on a head-count basis)
Per Diem Gaming Resident	The expenditure of a Gaming Resident visitor on a per day basis
Per Diem Non-Gaming Resident	The expenditure of a Non-Gaming Resident visitor on a per day basis
Per Diem Gaming Tourist	The expenditure of a Gaming Tourist visitor on a per day basis
Per Diem Non-Gaming Tourist	The expenditure of a Non-Gaming Tourist visitor on a per day basis
Leisure Hotel Guest	A hotel guest whose primary motivation for staying at the hotel is leisure, vacation, or holiday
Business Hotel Guest	A hotel guest whose primary motivation for staying at the hotel is business, convention, or other commercial pursuits

TIMELINE OF PROJECT	DATE	COMMENTS OR DESCRIPTIONS
Estimated date of awarding of License		
Estimated date for approval of all building plans and variances		
Estimated date for Ground-breaking		
If project is to be phased, please describe the phases		
Completion date for Phase 1		
Completion date for Phase 2		
If project is going to involve a temporary gaming facility, please note estimated date of opening of the temporary and the permanent facility		
Estimated Opening Date for temporary facility		
Estimated Opening Date for permanent facility		

DESCRIPTION OF CASINO AND OTHER PHYSICAL FACILITIES		Units of Measure	COMMENTS
CASINO			
Square footage		#	
Number of slot machines		#	
Number of table games		#	
Types of table games offered:			
	Blackjack	#	
	Craps	#	
	Roulette	#	
	Pai Gow Poker	#	
	Other games	#	
Other gaming offerings (specify):			
HOTEL			
Total square footage of public areas		#	
Number of standard rooms		#	
Number of premium rooms		#	
Square footage of standard room		#	
Square footage of premium room (average)		#	
DESCRIPTION			
Amenities in standard rooms (specify):			
Additional amenities in premium rooms (specify):			
Additional amenities in public areas (specify):			
RESTAURANTS			
Number of restaurants and eating outlets		#	
Specify theme of each restaurant:		SEATING CAPACITY	THEME
Restaurant #1		#	
Restaurant #2		#	
Restaurant #3		#	
Restaurant #4		#	
Restaurant #5		#	
Restaurant #6		#	
Restaurant #7		#	

BARS AND LOUNGES					
Number of bars and lounges					
Specify theme & size of each bar					THEME
Bar #1				#	
Bar #2				#	
Bar #3				#	
Bar #4				#	
Bar #5				#	
Bar #6				#	
Bar #7				#	
ENTERTAINMENT VENUES					
Number of Entertainment Venues				#	
Describe and note size of each venue				SQUARE FOOTAGE	DESCRIPTION
Venue #1				#	
Venue #2				#	
Venue #3				#	
Venue #4				#	
Venue #5				#	
EVENT VENUES					
Number of Event Venues				#	
Describe and note size of each venue				SQUARE FOOTAGE	DESCRIPTION
Venue #1				#	
Venue #2				#	
Venue #3				#	
Venue #4				#	
CONVENTION FACILITIES					
Square footage of Convention Space				#	
Square footage of Pre Function & Back of House Space				#	
Number of Break-out Rooms				#	Assume the maximum number of possible break-out rooms
			School-room seating		
Capacity of Break-out rooms				Theater seating	
Room #1			#	#	
Room #2			#	#	

Room #3		#	#	
Room #4		#	#	
Room #5		#	#	
Room #6		#	#	
Room #7		#	#	
SPORTS AND RECREATION FACILITIES				
Description of Sports/Recreation Offerings			SQUARE FOOTAGE	DESCRIPTION
Offering #1			#	
Offering #2			#	
Offering #3			#	
Offering #4			#	
Offering #5			#	
RETAIL OUTLETS				
Description and size of Retail Outlets			SQUARE FOOTAGE	DESCRIPTION
Outlet #1			#	
Outlet #2			#	
Outlet #3			#	
Outlet #4			#	
Outlet #5			#	
PARKING FACILITIES				
Number of surface parking spaces			#	
Total paved square footage for surface parking			#	Include ingress and egress coverage
Number of enclosed parking spaces			#	
Total square footage for enclosed parking			#	Include all square footage within parking structures
Number of valet parking spaces			#	
Number of employee parking spaces			#	
Number of parking spaces for Recreational Vehicles			#	

VISITATION AND SPENDING PATTERNS DURING OPERATIONS' PHASE OF LOTTERY GAMING FACILITY										
Company's Name										
Please submit 5-year projections, starting from the date of opening										
PROJECTED DATE OF OPENING:	2009	2010	2011	2012	2013	2014	2015			
Measure	Unit of Measure									
RESIDENTS										
Resident population (within 100 miles)										
Number of adult residents	#									
Residential gaming penetration rate *	%									
Market penetration rate**	%									
Visits per gaming resident per year	#									
Total resident gaming visits per year	#									
Resident non-gaming visits per year***	#									
Total Residential visits per year	#									
Residential gaming spend per visit	\$									
Residential gamer non-gaming spend per diem	\$									
Per diem gaming resident										
Per diem non-gaming resident										
Total Residential Gaming Spend per annum	\$									
Total Residential Non-Gaming Spend per annum	\$									
TOURISTS (residence more than 100 miles away)										
Tourist gaming visits per year*	#									
Tourist non-gaming visits per year**	#									
Total Tourist visits per year	#									
Tourist gaming spend per diem	\$									
Tourist gamer non-gaming spend per diem	\$									
Tourist non-gamer spend per diem	\$									

* Indicates only resident gaming customers

** Includes all residents

*** Resident non-gaming visitors

* Indicates gaming customers

** Customers who do not game

Company's Name		2009	2010	2011	2012	2013	2014	2015
Please submit 5-year projections, starting from the date of opening								
PROJECTED DATE OF OPENING:	Unit of Measure DD/MM/YYYY							
Total Tourist Gaming Spend per annum	\$							
Total Tourist Non-Gaming Spend per annum	\$							
TOTAL VISITATION PER YEAR	#							
TOTAL GAMING SPEND PER YEAR	\$							
TOTAL NON-GAMING SPEND PER YEAR	\$							
Tourist Visitors								
Total number of tourists	#							
Leisure tourists	#							
Business/conference tourists	#							
Leisure tourists - Please specify top five source markets	#							
Other Kansas	#							
Oklahoma	#							
Nebraska	#							
Colorado	#							
Missouri	#							
Other	#							
Business/Conference Tourists - Please specify top five source markets								
Other Kansas	#							
Oklahoma	#							
Nebraska	#							
Colorado	#							
Missouri	#							
Other	#							
HOTEL GUESTS								
Number of hotel rooms	#							
Occupancy rate	%							
Visitors per room	#							
Total hotel guests per year	#							
Average room rate	\$							

[illegible]

Company's Name		2009	2010	2011	2012	2013	2014	2015	
Please submit 5-year projections, starting from the date of opening									
PROJECTED DATE OF OPENING:									
Unit of Measure									
DD/MM/YYYY									
Annual Spending by Residents at the Lottery Gaming Facility									Note: Resident visitors here includes both Leisure and Business Resident visitors
Total spending by residents per year (Note: distinguish between residents who gamble (Resident Gaming Visitors) and residents who do not gamble (Resident Non-Gaming Visitors))									
Resident Gaming Visitors									
Accommodation		\$							
Food & Beverage		\$							
Retail		\$							
Gaming		\$							
Tickets to events, concerts, shows		\$							
Other spending		\$							
TOTAL spending by gaming visitors (residents)		\$							
Resident Non-Gaming Visitors									
Accommodation		\$							
Food & Beverage		\$							
Retail		\$							
Tickets to events, concerts, shows		\$							
Ticketed attractions		\$							
Other spending		\$							
TOTAL spending by non gaming visitors (residents)		\$							
Total Spending by Residents									
Gaming		\$							
Non Gaming		\$							
TOTAL SPENDING BY RESIDENTS AT LOTTERY GAMING FACILITY		\$							

Company's Name						
<i>Please submit 5-year projections, starting from the date of opening</i>	Unit of Measure					
PROJECTED DATE OF OPENING:	DD/MM/YYYY					
		2009	2010	2011	2012	2013
						2014
						2015
SOURCES OF EXPENDITURES AT LOTTERY GAMING FACILITY: For the following questions, provide your best estimates, based on your economic models.						
Percent of Spend that would have occurred within the region*	%					* What percent of residents' total spend would have taken place within the 100-mile radius if the LGF facility did not exist
Percent of Spend that would have taken place outside the region**	%					**Without an LGF, what percent would have been spent outside the 100-mile radius
Percent of Spend that comes from new income generated in the region***	%					*** Percent of total spending by residents that comes from income generated by the LGF and its multiplier effects
	No.					
	No.					
Tourist Gaming Visitors						
Accommodation	\$					
Food & Beverage	\$					
Retail	\$					
Gaming	\$					
Tickets to events, concerts, shows	\$					
Other spending	\$					
TOTAL spending by gaming visitors (tourists)	\$					
Tourist Non-Gaming Visitors						

Company's Name		2009	2010	2011	2012	2013	2014	2015
Please submit 5-year projections, starting from the date of opening.								
PROJECTED DATE OF OPENING:	Unit of Measure							
	DD/MM/YYYY							
Please provide your estimate of induced spending by tourist visitors to the LGF (newly injected spending to the region but not at the LGF)		\$						
Please provide your estimate of an appropriate expenditure multiplier for the region		#						
TOTAL DIRECT, INDIRECT, AND INDUCED INCREASES IN SPENDING IN THE REGION, PER YEAR (SPEND)		\$						
ESTIMATED AGGREGATE PERSONAL INCOME IN THE REGION (API)		\$						
RATIO OF SPEND/API		#						
Instructions to Proposers								
The intent of this section is to provide a foundation to estimate the amount of new direct spending (from import substitution by residents and newly injected spending by tourists), _{IT} and then to estimate the indirect increases in expenditure brought about in the region via a regional expenditure multiplier process								

[illegible]

EMPLOYMENT INFORMATION DURING OPERATIONS' PHASE OF LOTTERY GAMING FACILITY

Company's Name:

Please submit 5-year projections, starting from the date of opening

PROJECTED DATE OF

OPENING:

Unit of Measure

DD/MM/YYYY

2009

2010

2011

2012

2013

2014

015

No. of Workers employed within the Lottery Gaming Facility

#

General and Administrative

Professionals, Managers,

井

Clerical Workers, Sales and

#

Service Workers

Casino

Professionals, Managers,

#

Dealers and game supervisors

21

Clerical Workers, Sales and
Hosts

生

Security and surveillance

#

Other

 $\frac{1}{2}$ [illegible]

1

Hotel

Professionals, Managers,

并

Clerical Workers, Sales and Executives and Technicians

#

Walking Stair

7

PAYROLL INFORMATION DURING OPERATIONS' PHASE OF LOTTERY GAMING FACILITY

Company's Name		Unit of Measure					
Please submit 5-year projections, starting from the date of opening		DDMMYY					
PROJECTED DATE OF OPENING:		Y					
			2009	2010	2011	2012	2013
			2014	2015			
Total Payroll of Workers employed within the Lottery Gaming Facility, including cost of paid benefits such as health insurance, unemployment insurance, worker's compensation, retirement.							
General and Administrative							
Professionals, Managers, Executives and Technicians							
Clerical Workers, Sales and Service Workers							
Production and Transport Operators, Laborers and Cleaners							
Casino							
Professionals, Managers, Executives and Technicians							
Dealers and game supervisors							
Clerical Workers, Sales and Hosts							
Security and surveillance							
Cleaners							
Other							
Hotel							
Professionals, Managers, Executives and Technicians							
Clerical Workers, Sales and Marketing Staff							
Room cleaners, housekeeping supervisors							
Other							

[illegible]

[illegible]

[illegible]

CONSTRUCTION PHASE INFORMATION DURING OPERATIONS PHASE OF LOTTERY GAMING FACILITY

Company's Name

Please submit 5-year projections, starting from

PROJECTED DATE OF OPENING:

Unit of	Y
DD/MM/YY	

2008	2009	2010
------	------	------

Development Investment

Fixed asset investment

Buildings

Land and land improvements

Public sector infrastructure

Rolling stock

Furniture, Fixtures and Equipment

Floor and Wall Treatments

Gaming equipment

Others

TOTAL INVESTMENT

All figures on a Quarterly basis

Development Employment Data

Construction Employment

Average Wage per employee

Total construction payroll

Average Benefits per employee

Other expenses per employee

Cost of materials from region

Cost of materials from outside of

Other Development Expenses

[illegible]

Company's Name	PUBLIC SECTOR IMPACTS OF LGF	2009	2010	2011	2012	2013	2014	2015
Population Growth	Units of Measure							
# of Construction Employees or LGF Employees who will be new residents to the area	#							
Infrastructure Costs								
Roads/Streets Improvements	\$							
% Paid by Developer	%							
% Paid by Public Sector	%							
Water/Sewer Improvements	\$							
% Paid by Developer	%							
% Paid by Public Sector	%							
Storm Drains	\$							
% Paid by Developer	%							
% Paid by Public Sector	%							
Law Enforcement Building, New or Improved	\$							
% Paid by Developer	%							
% Paid by Public Sector	%							
Fire Station, New or Improved	\$							
% Paid by Developer	%							
% Paid by Public Sector	%							
Operating Costs								
School System								
# of Additional K-12 students	#							
Estimated number of additional K-12 teachers	#							
K-12 support staff	#							
Add'l salary cost-teachers	\$							
Add'l salary cost-support staff	\$							
Estimated number of additional classrooms needed	#							
Estimated add'l sq. footage of ancillary K-12 needed	#							

[illegible]

[illegible]